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ABSTRACT

This brief issue paper offers an overview of the key issues involved in the pay-for-performance plan, as it applies to compensating teachers. Paying teachers on the basis of performance, as a way to improve the quality of teaching, has gained support in recent years. This paper examines the practice through five leading pay-for-performance models. The models include site-specific and statewide programs. Specifically, this paper: (1) presents some of the arguments of proponents and opponents of pay-for-performance systems; (2) provides a list of crucial questions policymakers need to ask when thinking about implementing pay-for-performance systems; (3) discusses lessons learned from the five leading programs; (4) presents a side-by-side comparison chart of the major features of the five programs; (5) summarizes the primary components of each of the five programs; and (6) provides Internet sources for further information on each of the five programs. (Contains 13 references.) (WFA)

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Wendy Wyman and Michael Allen

June 2001

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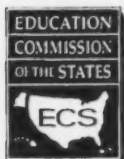
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ECS Issue Paper

Pay-for-Performance

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Pay-for-Performance: Key Questions and Lessons from Five Current Models

June 2001

Paying teachers on the basis of performance is gaining increasing support as a vehicle to improve the quality of teaching. Schools, districts and states throughout the country are wrestling with the creation and implementation of pay-for-performance programs. In February 2001, ECS brought together representatives of five leading pay-for-performance models to discuss their efforts and see what lessons could be gleaned for the benefit of policymakers in other states and districts interested in implementing a pay-for-performance system. The models ranged in scope from site-specific to statewide programs in scope; some already had been implemented while others were yet to be adopted.

This *ECS Issue Paper* offers an overview of the key issues involved in the pay-for-performance concept; a summary of key questions policymakers need to ask in thinking about pay-for-performance systems; a discussion of lessons learned from the five leading programs represented; a comparison chart of the five programs; and a summary of the individual programs, including sources for further information.

Overview

Pay-for-performance is not a new concept. Attempts at merit pay for teachers appeared throughout the 20th century. Early merit structures were overly subjective in their assessment of merit, based on narrow administrator judgment, and involved a competition for very limited rewards that was disruptive to the collaborative nature of teaching. In the 1980s, the "career ladder" became popular as a way of increasing the opportunities for teachers to grow in the profession and take on greater responsibility without giving up the classroom and moving into administration. The career ladder seeks to reward teachers financially for improved performance and especially for fulfillment of their greater professional responsibilities.

Proponents of pay-for-performance programs believe they will attract and retain better teachers and offer incentives to motivate and reward improved teaching. They view uniform teacher salary schedules, the traditional standard in teacher compensation, as ineffective in attracting and retaining sufficient numbers of effective teachers and as out of touch with compensation practices in other industries that tie salary to employee performance.

Opponents of pay-for-performance, on the other hand, fear that the many difficulties involved in evaluating and measuring teachers' performance will result in unfair practices. They also believe that much of what is important about teaching is not performance-related and that performance pay will create competition between teachers and undermine the collaborative nature of the profession.

In the present atmosphere of standards-based education and accountability, teachers are being asked to do more than ever before. The most promising current pay-for-performance systems reward any and all teachers for improved performance, and these systems incorporate measurable criteria of assessment, such as gains in student achievement, increased teacher skills and knowledge, and expanded roles and responsibilities.

Key Questions

Designers of pay-for-performance systems face multiple challenges as they attempt to create equitable, fair systems that compensate teachers for performance. A number of important questions need to be addressed in developing any pay-for-performance system:

- What kinds of activities or behaviors is the performance-based pay plan intended to promote?

Career ladder systems, for example, that relate teacher compensation to performance are generally designed to promote such things as permanently expanded teacher roles, demonstrated growth, improved skills, and significant additional training and education. In contrast, variable bonus pay based on performance might encourage teachers to do things like take on additional short-term responsibilities and assignments, focus on improving specific aspects of student achievement, or participate in particular professional growth classes or skill acquisition blocks.

- How significant a percentage of the total teacher's salary will be comprised by performance-based pay?

The percentage of a teacher's salary that is based on performance can vary greatly. To incorporate a performance-based component into a teacher's base pay, a system may make use of a career ladder scheme. Such a scheme still allows for the addition of a smaller, variable performance-pay component on top of that. Systems in which a smaller percentage of a teacher's salary is based on performance retain a more traditional, uniform salary schedule and make variable, performance-based pay a supplement. The greater the ratio of performance-based pay to the total teacher salary, the more impact the performance pay is likely to have on how teachers prioritize their responsibilities. On the other hand, it may be easier to implement and gain broad initial support for a system in which performance-based pay plays a smaller role.

- Will the evaluation of teachers' performance be based on student results, demonstration of professional skills and knowledge, or a combination of the two?

Evaluation is a major concern in the design and implementation of a pay-for-performance program. There has been a great deal of discussion about whether the success of a teacher's students or a teacher's demonstration of various skills and competencies is the best measure of the teacher's performance. There is no inherent contradiction between the two, however, and both kinds of measure are used in several of the pay-for-performance models discussed in this paper. Nevertheless, many people oppose rewarding teachers for demonstrated skills because they argue that those skills are difficult to assess and there is an unclear correlation between those skills and a teacher's effectiveness in the classroom. On the other hand, while there is universal interest in raising student achievement, many educators and others are concerned that making teachers accountable for their students' performance unfairly implies teachers' responsibility for factors that are outside of their control. One suggestion to address this last point has been to hold teachers accountable not for the absolute achievement of their students but for their achievement gains.

- Will performance pay be awarded to individual teachers, groups of teachers or the entire school staff?

This issue is directly related to the issue of the limits of an individual teacher's responsibility for their students' achievement. A number of experts believe it is fairer and more appropriate to reward all teachers and staff members with current responsibility for a group of students who have demonstrated satisfactory achievement or even to base merit pay decisions on the performance of the entire school and to reward the entire staff if a school's performance is satisfactory. Another frequent justification for group rewards is that it prevents competition between teachers that can disrupt the desirably cooperative nature of the teaching profession. On the other hand, value-added studies provide evidence that, regardless of other circumstances, individual teachers can have varying degrees of impact on their students' achievement. Other studies provide clear evidence that an individual teacher (or team of teachers) can be very successful with a particular group of students, while another teacher with a nearly identical group of students in a nearly identical school situation is not. Moreover, many teachers resent group or whole school awards because they believe that not all members of the group contribute equally to the students' success.

- What mechanisms and opportunities for feedback and remediation will be in place?

The goal of a pay-for-performance system is not just to reward teachers appropriately, but to motivate higher performance. To that end, teachers need to have a clear understanding of their strengths, weaknesses and opportunities to remedy their shortcomings. The availability of professional development opportunities aligned with the goals of the pay-for-performance system becomes particularly important in this regard. In a career-ladder system, it becomes important to determine whether teachers can fall back to a lower step on the ladder if their performance at the higher step and remedial efforts are unsatisfactory.

- What role can state policymakers play in fostering and supporting pay-for-performance systems?

State policymakers have an important role to play in the context of both local and statewide pay-for-performance systems. State policymakers might be involved in passing enabling legislation; insuring that the state promulgates good models of and clear standards for teaching and professional development; helping the state to identify and promulgate fair and effective methods of teacher evaluation and compensation; providing funding for parts of the programs, including funding for solid evaluation; and helping to create a statewide commitment to the importance of accountability and of recognizing and rewarding effective teaching.

Lessons Learned

The cumulative experience of designing and implementing the five pay-for-performance programs discussed here yields some valuable lessons:

- Developing a pay-for-performance system should be a collaborative effort including all stakeholders from the beginning. Teachers, administrators, parents, policymakers and the public all have an interest in any pay-for-performance system. Because these stakeholders have varying perspectives and goals, involving them all in the design and implementation of a plan increases the likelihood that the plan will be successful and will continue to have support in the face of the inevitable bumps in the road the plan will encounter during its implementation.
- Designing and implementing a pay-for-performance program takes commitment, time and a willingness to envision a new system. The design of a pay-for-performance program begins with a vision of an environment that is supportive of the teaching and learning needs of teachers and students. The process of implementation reveals unexpected challenges that require ongoing, careful attention. It takes time and measured, deliberate steps to get the program up and running and to get stakeholders on board.
- Reflecting upon the experiences of other districts and states that have implemented or wrestled with alternative teacher pay systems can be invaluable. At the same time, it is important to recognize that the specific local or state context makes it impossible to replicate exactly a system in place elsewhere.
- Constant, consistent communication to all stakeholders, including teachers, administrators, parents, policymakers, the public, and the media helps promote acceptance and an ongoing understanding of the program.
- Teacher evaluations should offer diagnostic feedback and align with teacher performance standards and intended outcomes. In addition, teacher evaluations need to be fair and to measure what teachers legitimately can be held accountable for. The programs described in this issue paper incorporate a variety of evaluation measures, including teacher portfolios, student performance and demonstrations of teachers' skill and knowledge.
- Both teachers and principals must be given the training they need to understand, administer and make effective use of student and teacher assessments.
- A pay-for-performance system cannot be implemented successfully without attention to other factors, such as fiscal policies, data gathering and dissemination capacity, standards for good teaching, solid assessments of student learning and teacher performance, and the availability of high-quality professional development.

Pay-for-Performance Program Comparisons

Program Dimensions	Cincinnati	Denver	Douglas County, CO	Iowa	Milken TAP: Arizona
Scope	Districtwide	District Pilot—voluntary school participation. 12 elementary, one middle, two high schools.	Districtwide	Statewide	Five individual schools
Status	Evaluation system being implemented 2000-02. Compensation implementation vote to follow.	Pilot began in 1999-2000.	Ongoing since 1994.	Legislation passed in 2001. Implementation to be phased in over several years.	Began in 2000-01.
Basis of Salary Determination and Approximate Salary Impact	(1) Performance-based teacher classification levels—5 steps (can move up or down in top 3 levels). Base \$30,000-\$62,500. (2) Advanced degrees, dual certification. \$1,250. (3) Specialized skill blocks. \$500-\$1,000. (4) Extra responsibilities \$3,000-\$5,500.	(1) Traditional steps & ladders classification (not performance based). Base \$30,000-\$60,300. (2) Performance bonus. \$500-\$1,500.	(1) Degrees and prior evaluation credits. \$30,000 base salary for new teachers. (2) Annual evaluation. \$0-\$1,800 salary increase. Eligibility for further incentives (all as bonuses) requires satisfactory annual evaluation. (3) Advanced coursework and degrees. \$1,000. (4) District priority skills. \$250-\$500 per skill. (5) Master Teacher. \$2,500 annually for five years. (6) Extra responsibilities. Up to \$750. (7) Student growth (whole school reward). Additional \$500 (approximate).	(1) Career-path based teacher classification levels – four steps up through Advanced. Base \$28,000-\$48,500. (2) Advanced-level teachers with National Board certification receive a \$2,500 yearly bonus. (3) Variable pay based on student performance (whole school incentive). Up to \$100 state allocation per student per school.	Milken Ideal Model: (1) Base salary is performance-based (can move up or down). (2) Other factors: market demand (e.g., high need) and annual evaluation. \$6,000-\$30,000. Arizona Example: (1) Three steps: career, mentor and master Bottom level: \$30,000 or prior salary. Higher levels: Additional \$5,000-\$10,000 plus performance awards.
Measures of Performance	(1) Demonstrated teacher skill at all five levels. (2) Advanced degrees, extra certification (including National Board certification).	(1) Either student performance or demonstrated teacher knowledge and skill as it impacts student achievement.	(1) Fulfillment of job description. (2) Assessment of classroom proficiency. (3) New knowledge. (4) Added responsibilities.	(1) Demonstrated teacher skill at all levels. (2) Portfolio review at Advanced Level. (3) Student performance.	(1) Demonstrated teacher skill through observation. (2) Portfolio. (3) Student achievement.

Program Dimensions	Cincinnati	Denver	Douglas County, CO	Iowa	Milken TAP: Arizona
			(5) Student growth.		
Basis of Performance Assessment	Demonstration of teacher skill based on 16 district skill standards through submission of portfolio, including peer assessment.	(1) Student performance: Iowa Test or teacher-devised measures. (2) Teacher knowledge and skill: principal evaluation. <i>Note: Pay-for-performance evaluation has no impact on teachers' standard three-year review.</i>	Varies from program to program, may include some or all of the following: (1) Fulfillment of job description: principal assessment. (2) Classroom proficiency: principal and peer evaluation, portfolio assessment (e.g., National Board certification). (3) Student growth as per district objectives, standards assessment and building-defined criteria/ measures.	(1) Student performance: multiple academic measures; although all districts use the Iowa Tests, it is not a state mandate that they do so. There is no stipulation in the legislation requiring the use of a norm-based measure. (2) Teacher skill: demonstration based on state standards for effective teaching.	(1) Teacher skills, knowledge and responsibilities. (2) Classroom-level student achievement gains. (3) Schoolwide achievement gains.
Connection to State Licensure	District-required individual professional development plan fulfills state requirement for continuing licensure.	None.	Master Teacher designation parallels state certification category.	Effective 2003, teacher licensure beyond provisional shall include completion of mentoring and induction.	None.

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Summaries of the Five Programs

Cincinnati

Cincinnati's pay-for-performance plan is being implemented in two phases. The first phase is an advanced evaluation system that measures teachers' performance against a set of 16 standards (a 17th standard is currently being proposed). The second phase tying compensation to the evaluation is scheduled to be implemented for the 2002-03 school year, subject to a May 2002 vote of the union membership. Serious concerns with the implementation of the evaluation system cast some doubt on whether the compensation system will be accepted.

Teacher Evaluation

The evaluation system is to be in place for two years before the Cincinnati Federation of Teachers votes on the compensation package. Teacher evaluation is based on 16 standards divided into four domains. The standards were derived from standards identified by nationally recognized sources like the National Board for Professional Teaching Standards, the Interstate New Teacher Assessment and Support Consortium (INTASC), Praxis and especially Charlotte Danielson's Framework for Teaching. A teacher's performance is measured, using rubrics, against each of these standards. The standards are aggregated into four scores, one for each of the domains. Teachers can earn from one to four points in each of the following domains:

- Planning and preparing for student learning
- Creating an environment for learning
- Teaching for learning
- Professionalism.

Base Pay

Under the compensation plan, teachers' base pay is determined by their placement in one of five teaching categories. Teachers can increase their compensation by improving their base pay or by earning incentive pay increases. Base pay under the plan is to range from \$30,000-\$62,500, depending upon the teacher category.

The domain scores in the Teaching Standards determine movement through the categories below. One receives increases in base pay by moving up through five categories, Apprentice to Novice to Career to Advanced to Accomplished.

- Apprentice teachers are teachers in their first year of teaching or teachers in their second year who fail to score at least 2's in all four evaluation domains. A teacher must move to Novice within two years or have their contract with the district terminated. If a teacher has a rubric score of 1 in any domain, she or he will remain in the Apprentice category. Apprentice teachers are required to have a temporary teaching license; to move to the Novice category, they must have an initial license.
- Each of the first two years as a Novice requires teachers to successfully complete Novice courses in order to receive a pay increment. Novice courses cover topics such as classroom management, standards-based classrooms, cooperative learning, standards in practice, developmentally appropriate practices, Cincinnati school communities and teaming. Successful demonstration of skills must occur before credit is granted. A Novice's contract with the district is terminated if he or she does not reach Career status within five years. A teacher may not be evaluated for promotion out of the Novice category until the third year as a novice. Teachers remain as Novices until they receive rubric scores of 3's in all four domains.
- In the Career category, teachers receive automatic salary increments for experience at the end of years one, two and three. A teacher must earn, at minimum, rubric scores of 3's in each of the four domains to remain in this category. Teachers may remain in this category for the rest of their career as long as they continue to perform successfully at the career level. In order to earn more than the across-the-board salary increases, a teacher must move to a higher category.
- To be in the Advanced category, teachers must earn at least two 4's in the domains, and one of these 4's must be in domain 3. A teacher advances on the salary schedule for three years in the Advanced category. Certification from the National Board for Professional Teaching Standards also qualifies a teacher for Advanced status.

- Accomplished teachers must score 4's in each domain and may continue to receive increasing salary increments in the first three years in this category.
- Teachers can move down the salary schedule as well as up. If a teacher receives an evaluation that would place him/her in a lower category, the teacher must undergo a second comprehensive evaluation the following year. During that year, the teacher remains in their current category and step on the salary schedule. Depending upon the results of the second comprehensive evaluation, there are several different outcomes:
 - If the second comprehensive evaluation affirms the lower category, the teacher will be placed on the salary schedule at the highest step of the lower category.
 - If the second comprehensive evaluation places the teacher in the current category, the teacher will remain in that category and advanced one step if the teacher is not already at the highest step.
 - If the second comprehensive evaluation places the teacher in a higher category, the teacher will be placed at the first step in that category.
 - If the second comprehensive evaluation places the teacher in an even lower category, the teacher will be placed at the highest step in that category. If the teacher falls into the Novice category, he or she is automatically placed on Intervention.

Incentive Pay

Three kinds of incentive pay would be available under the Cincinnati plan. The first type is a permanent salary increase teachers can earn for obtaining a Master's degree in a content area or elementary education, a Doctorate, National Board Certification or dual certification in two or more of the following fields: English, mathematics, social studies, foreign language, physical science, biological science, special education or elementary education

The second type of incentive pay involves payments for participating in skill blocks, where teachers receive focused training on subjects like technology, comprehensive school reform models, team skills, leadership skills and specific curricula. This pay can last up to three years and ranges from \$500-\$1,000 per year. It helps the district create flexibility in meeting specific training needs.

Advanced and Accomplished teachers also can earn pay bonuses, ranging from \$3,000-\$5,500, by taking on extra responsibilities as a lead teacher or consulting teacher, which can include chairing a curriculum council, serving as a team leader, or coaching, mentoring and evaluating other teachers.

Denver

Fifteen schools are currently participating in the Denver pay-for-performance pilot that began in 1999-2000 and will continue until the 2002-03 school year. Participating schools include 12 elementary schools, one middle school and two high schools. In December of 2003 the board and teachers will decide whether or not they will have systemwide pay-for-performance based on student achievement. To conduct the pilot, Denver Public Schools (DPS) and the Denver Classroom Teachers' Association (DCTA) commissioned a Design Team composed of two teachers and two administrators. The Design Team is charged with planning, piloting, revising, implementing and evaluating a performance-pay plan for all 4500 DPS classroom teachers, school nurses, school social workers and other education specialists. The pilot is investigating three interrelated issues, student achievement, teaching skill and teacher compensation. The charge of the Design Team is to develop a pilot to study the feasibility of linking student achievement to teacher compensation. The Team is following a Project Plan that was developed with technical assistance from the Community Training and Assistance Center (CTAC) of Boston and with the financial support of Denver's Rose Community Foundation. It calls for the transformation of the Denver Public Schools in several crucial areas:

- A radical change to the teacher salary structure. It will provide teachers with additional pay increments only upon demonstration of achievement among the students those teachers teach.
- A rigorous, fair and measurable objective-setting process for teachers based on student achievement ready to be implemented at every school.
- Greater alignment between standards, teaching and assessment.

- A staff development program to support the pay-for-performance program.
- A database that sorts accurate and meaningful student-achievement data by teachers and schools. The data will be used to drive decisions from the classroom to the boardroom.

Schools participate in the pilot on a voluntary basis; a minimum of 85% of the staff must vote to become part of the program for a school to join. During the four pilot years of the program, additional money will be budgeted to pay bonuses to teachers who meet their goals. If the plan becomes fully implemented for all teachers in the district, the goal is to shift to a new salary schedule with raises based on the achievement of established objectives rather than on years of experience and cost of living.

Teacher Evaluation

The pilot focuses on teachers' evaluation in terms of their students' achievement. Teachers in the participating schools are collaborating with their principals to write two objectives based on the academic achievement of their students. If the teachers meet these objectives, they will be awarded a bonus. When teachers write their objectives, they include information about assessment, the student population, baseline student information, the expected gain, evidence that will demonstrate achievement of the objective and a brief rationale for choosing the objective. A teacher's first objective must be met by an entire class or equivalent group. A teacher's second objective may focus on a group smaller than the entire class, thus allowing the teacher to address students achieving below grade level, students with particular needs or achievement gaps between students.

For example, the first objective might require that 75% of the students in the teacher's class will gain one level or more on the "Grade Level Math Test." The second objective might require that 75% of the students identified in the bottom two quartiles of the ITBS will gain 1.4 grade levels.

If the objective system in the pilot is proven to work, DPS and DCTA will expand it for use in granting annual pay increases for teachers.

The pilot is experimenting with three different approaches to objective setting. In one third of the schools, norm-referenced tests are being used to ascertain if teachers met their objectives. In a second third of the schools, teacher-developed criterion-referenced tests and teacher-developed measures of academic achievement are being used. The final third of the schools are demonstrating the impact of teachers' knowledge and skills on student achievement through the use of a teacher portfolio that includes student achievement scores. The portfolio approach promotes teacher professional development along with improved student achievement.

Incentive Pay

All teachers who participate receive a one-time \$500 participation bonus. Teachers write two objectives for their students' academic achievement. If teachers meet one objective, they receive a bonus of \$500. If they meet both objectives, they receive two bonuses of \$500 each. In the second year of participation teachers can receive \$750 for each of the two objectives they achieve. All bonuses in the program are on top of teachers' regular base salary that is still based on a traditional salary schedule. Base salaries in Denver range from \$30,000-\$60,300.

Douglas County, Colorado

Douglas County, Colorado adopted a pay-for-performance plan to improve the overall quality of teaching in the district by rewarding the performance of outstanding individuals and groups. The Douglas County Federation of Teachers (DCFT) and members of the Douglas County Board of Education cooperatively committed to teacher performance pay in their contract settlement for the 1993-94 school year. This settlement was ratified by more than 90% of the teachers, and teachers vote to continue its implementation each year. In 1999, the performance pay program was modified to align teacher compensation and evaluation with the District's new strategic directions. The model has worked over time to create a balance of group and individual incentives for performance.

The sum of this multiyear process is a performance-pay system with two major parts. The first part is a base salary structure for all teachers in the district. The second is a series of bonus incentive components that teachers may participate in voluntarily. Teachers choose to participate in one or all of the incentive components without the risk of losing any of their base salary.

Base Pay

The first part of the Douglas County performance-pay plan provides a teacher's base salary using a formula that factors in a teacher's number of successful evaluation credits and the level of education a teacher has attained in addition to their professional base pay. Unlike a traditional salary schedule, under the performance pay plan, a teacher does not automatically receive an increase based on length of service. Building administrators use formative and summative assessments to determine if teachers' performance is satisfactory. Teachers must receive a satisfactory evaluation of their performance to be eligible for a base salary increase. Teachers who receive an unsatisfactory rating are not eligible to receive an evaluation credit (a negotiated cost-of-living adjustment) for the coming year. In essence, their salary is frozen for one year. Moreover, unsatisfactory performance ratings also preclude teacher participation in any of the bonus incentive components of the plan. The base salary in Douglas County is \$30,000 for a beginning teacher with a bachelor's degree.

Incentive Pay

The second part of the plan is a series of bonus incentive awards that are completely separate from a teacher's base salary.

Outstanding Teacher

Perhaps the most controversial bonus incentive, the Outstanding Teacher Program, rewards a bonus of \$1,250 to teachers who demonstrate individual outstanding performance. There are four Outstanding Teacher designations A, B, C, and D.

- Type A uses criteria established by the National Board for Professional Teaching Standards (NBPTS) and modified by an Outstanding Teacher Committee in Douglas County. Teachers collect six artifacts demonstrating outstanding performance in a portfolio that includes relevant career and teaching information. They also include their educational philosophy and information generated by peer and client (parents/student) surveys. The portfolio is submitted to the building administrator, who reviews the documentation and makes the decision whether or not to award the teacher the Outstanding Teacher incentive.
- Type B involves a portfolio focused on standards-based education. Teachers compile a body of evidence showing their efforts to develop a standards-based classroom. Teachers then "measure" themselves against a rubric that defines standards-based education practices and submit their portfolios to their building administrator for review.
- Type C is for teachers pursuing certification from the NBPTS. To limit the amount of paperwork, teachers can submit a copy of their National Board portfolio, with some minor modification, to their building administrator to earn this incentive.
- Type D is based purely on outstanding student growth. Teachers submit portfolios to demonstrate their role in promoting outstanding student growth. Teachers' portfolios identify a goal for outstanding student growth, demonstrate rigorous measurement of the goal, include their students' results and describe how their teaching made a difference in student growth. This portfolio is submitted to a standing district committee of teachers for review.

National Board Certification

Teachers who have current NBPTS certification earn a yearly incentive bonus of \$2,000.

Group Incentive Program

This component encourages cooperative efforts within schools, or among groups of teachers, to work on common goals that directly impact student performance. Teachers on a planning committee, within an individual school, draft a plan and collect signatures of support from other faculty members, the building administrator and the building Accountability Committee. The plan is then submitted to the Group Incentive Board (GIB), a district governing body for the Group Incentive Plan component. The GIB reviews the proposed plan and grants approval for the school to go ahead. At the end of the school year, a final report describing evidence of the impact on students is submitted to the GIB, which then determines if the goals were attained and a bonus should be awarded. Group incentive bonuses are approximately \$400-\$500 per group member and are funded from a district pool.

Skill Blocks

A Skill Block is intended to provide incentives for teachers to obtain skills identified by the district as central to fulfillment of its mission. Skill blocks are offered at after-school sessions and carry graduated values ranging from \$250-\$500. This incentive requires that teachers not only learn new skills, but that skills be applied and demonstrated in the classroom with students. To receive the skill block bonus, teachers must attend training sessions and also must demonstrate mastery of the skill through an authentic assessment administered at the conclusion of the training program. The skill block instructors determine if a teacher has demonstrated applications of the skills successfully in his or her teaching.

Master Teacher

A Master Teacher must show outstanding student growth, similar to the requirement for a Type D Outstanding Teacher, and possess either National Board certification or be recognized for two years as an Outstanding Teacher. Additionally, an applicant must show leadership in their teaching field. Once a teacher receives the Master Teacher designation, he or she will be eligible to assume a variety of mentoring roles within the district. The Master Teacher award is for five years and currently worth \$2,500 each year. To date, the district's Performance Pay Improvement Committee has evaluated teachers who choose to participate in this component; beginning in 2001-01, participating teachers will be evaluated by other Master Teachers.

Responsibility Pay

The final bonus incentive component addresses the issue of additional responsibilities undertaken by teachers for which they historically have received no additional compensation. District responsibility pay is awarded to teachers who take on responsibilities at the district level. This includes such things as membership on the district committees. Site-based responsibility pay is distributed at the individual school level to teachers based on criteria and in award amounts determined by the school staff. Funding is made available from the district on a per-student basis. The site-based component involves very little guidance from the Central Office or the DCFT. Schools make their decisions and submit pay vouchers to the district payroll department.

Iowa

Iowa passed two pieces of legislation in 2001, HF 413 and SF 476, establishing a comprehensive plan to improve teacher quality and student learning. The legislation addresses the critical issues of rural and urban teacher shortages looming in Iowa and the declining comparability of Iowa teachers' salaries with those in other states. Districts within the state have the option to participate in one or more of the following programs: mentoring and induction, career paths or a variable pay pilot.

Career Paths

The legislation appropriates \$31.2 million for the 2001-02 school year to create career paths and improve teacher salaries. Districts that choose to adopt the career path system must participate in the mentoring and induction program. The career path involves salary improvements. Teachers will be promoted one level at a time and must remain on a given level for at least one year before requesting promotion to the next career level. The different career levels and the salary implications are as follows:

- **Beginning** – This is for the first two years of teaching. Participating school districts will be required to raise their beginning teacher salary by \$1,500 per year until the district minimum teacher salary hits \$28,000. Beginning teachers must hold a provisional license, have completed a preparation program and participate in a beginning teacher mentoring and induction program which participating districts are required to offer. Teachers must complete successfully the mentoring program and a comprehensive evaluation in order to move to the next step.
- **Career** – Teachers begin work on individual professional development plans. The individual professional development plans will not become operational until evaluation processes are in place and statewide networks of professional development opportunities are available. It is expected that this will occur by 2003-04. The district must create a \$2,000 differential between the average Beginning teacher salary and minimum Career teacher salary. A Career teacher has completed successfully mentoring and induction and a comprehensive evaluation, holds a license and demonstrates the competencies of a Career teacher noted below in the list of Iowa Teaching Standards. The comprehensive evaluation, which is generally given at the end of five years, includes classroom observation, demonstration of progress in teaching skill, successful completion of the teacher's career development plan and supporting documentation.

A teacher may be given a comprehensive evaluation, not only for advancement on the career path, but also for purposes of performance review and recommendation for licensure. If a comprehensive evaluation for a teacher is conducted in the fifth year of the teacher's status at the Career level and indicates that the teacher's practice no longer meets the standards for that level, another comprehensive evaluation shall be conducted in the next following school year. If the comprehensive evaluation establishes that the teacher's practice fails to meet the standards for that level, the teacher shall be ineligible for any additional pay increase other than a cost-of-living increase.

In addition to the comprehensive, five-year evaluation, Career, Career II and Advanced teachers will be reviewed annually to facilitate continuous improvement. School districts are encouraged to utilize peer review and coaching in the annual review process. This review will include classroom observation and supporting documentation from supervisors, parents and students.

It is the intent of the Iowa General Assembly to pass legislation to activate the two following career levels by July 1, 2003.

- **Career II** – The expectation is that teachers will move from Career to Career II within five years. A Career II teacher may become a mentor or a supervisor of student teachers. The district shall establish a minimum salary for a Career II teacher that is at least \$5,000 greater than the minimum Career teacher salary. Career II teachers will complete an individual development plan and will be evaluated comprehensively every five years. A district will establish the criteria for evaluation based on model criteria, which have not been developed yet. It is expected that the competencies will look different based on the experience level of the teacher. Teachers may choose to stay at the Career II level for the remainder of their career. The legislation does not address "fall-back," and no rules have been promulgated yet to determine if this is to be addressed at the state or local level.
- **Advanced** – A Career II teacher seeking to move to Advanced teacher status will submit a portfolio of work aligned with the Iowa teaching standards to a review panel. A majority of evidence in the portfolio must be classroom based. If the teacher demonstrates superior teaching skill, she or he will attain Advanced designation. Each review panel shall contain at least one National Board certified teacher and a school district administrator. An Advanced teacher serves as both a classroom teacher and a teacher leader. The teacher may become a trainer of other teachers, have responsibility for leading various projects, or assume other leadership position in the building or district. At this time National Board certified teachers do not qualify automatically for Advanced status, but the state is conducting an evaluation of Iowa's National Board certified teachers with a report due to the legislature this December. The district will establish a minimum salary for an Advanced teacher that is at least \$13,500 greater than the minimum Career teacher salary.

Incentive Pay

The variable pay pilot project is a two-year, voluntary trial opportunity for a limited number of Iowa school districts or buildings. Building-level cash awards outside of other salary will be given to all licensed practitioners within a building that meets its student achievement goals; awards to noncertified building personnel also are strongly encouraged. Each participating district shall create its own design for a team-based pay plan linked to the district's comprehensive school improvement plan. The plan must include student-performance goals, multiple indicators to determine progress toward those goals and a system for providing financial rewards. The local board shall approve the team-based pay plan. The bill requires that pilot districts administer valid and reliable standardized assessments at the beginning and the end of the school year. One million dollars will be available statewide for variable pay pilots in the 2001-02 school year. The actual award for each educator will vary according to the number of schools in the pilot, but the amount each school will be given will not exceed \$100 per student. A legislative committee will observe the pilot program over the next two years as a basis for recommendations for a statewide variable pay plan.

Other key aspects of the legislation

- **Professional Development** is a number one priority. In order to meet future education demands, Iowa will support both compensation and professional development. The legislation invests \$1.5 million during the next school year to begin the shift to research-based professional development.
- **Statewide availability of mentoring and induction.** The legislation provides \$2.4 million in the next school year and \$4.8 million in the following school year to support districts participating in a formal mentoring program that meets quality standards.

- Newly trained administrators will evaluate veteran teachers every five years and beginning teachers to determine movement to Career status. The legislation provides \$1.5 million for the next school year to begin research, development and initiation of evaluator training.
- The legislation defines good teaching in terms of the following eight Iowa Teaching Standards:
 - The school district's student achievement goals
 - Demonstrates competence in content knowledge appropriate to the teaching position
 - Demonstrates competence in planning and preparing for instruction
 - Uses strategies to deliver instruction that meets the multiple learning needs of students
 - Uses a variety of methods to monitor Demonstrates the ability to enhance academic performance and support for and implementation of student learning
 - Demonstrates competence in classroom management
 - Engages in professional growth
 - Fulfills professional responsibilities established by the school district.

Milken Teacher Advancement Program

The Teacher Advancement Program (TAP), an initiative of the Milken Family Foundation, is a reform effort to attract, retain and motivate high-quality educators. TAP is based on five key principles to accomplish this goal: (1) Multiple Career Paths, (2) Market-Driven Compensation, (3) Performance-Based Accountability, (4) Ongoing, Applied Professional Development and (5) Expanding the Supply of High Quality Educators. For the 2000-01 school year, the Milken Family Foundation gave \$100,000 to each of five Arizona public schools to participate in the Teacher Advancement Program. Florida, Arkansas, Massachusetts, South Carolina and Indiana will all bring up Teacher Advancement demonstration schools over the next two years.

Performance-based accountability enjoys a receptive policy environment in Arizona. Proposition 301, passed by Arizona voters in November 2000, authorized a sales-tax increase that requires part of the new monies to be put into performance-based pay increases for teachers. Development of the pay-for-performance programs and decisions about the basis of assessing teachers for performance-pay purposes are made at the local district level.

The five schools participating in TAP in Arizona will implement Teacher Performance-Based Accountability (TPBA) during the 2001-02 school year. Each school utilizes support from the program to develop and implement a differentiated career path, a teacher evaluation system, and a school compensation model with enhanced base salaries and incentive pay. For the 2001-02 and 2002-03 school years, the average Milken Family Foundation grant will rise to about \$150,000 per school to help fund the costs of the performance award system. The TAP program in the five Arizona schools is a hybrid of the ideal Milken model adjusted to local realities.

Career Paths

A key element of TAP is providing teachers with the opportunity to advance without having to leave the classroom. In the ideal Milken model, there are three levels of teachers: Career/Specialist, Mentor and Master. The performance requirements and school responsibilities vary for teachers based on their career level. The rationale is that as teachers advance, they should increase their skills, knowledge and responsibilities. As teachers' responsibilities, qualifications and professional development experiences increase, their compensation advances, too. Multiple career paths are intended to expand the roles of qualified teachers and increase the rewards for becoming leaders, decision-makers and mentors.

Teacher Evaluation

Under TAP, teacher performance is measured against teaching performance standards based on the following criteria, which involve both teaching processes and teaching products or outcomes:

1. The skills, knowledge, and responsibilities a teacher exhibits through his or her daily practice
2. The classroom gains the teacher produces in student achievement on standardized tests, criterion-referenced standards-based tests and/or performance assessments
3. The school gains on standardized tests and criterion-referenced standards based assessments.

The assessed skills, knowledge and responsibilities comprise 50% of the teacher's total evaluation. Classroom and school-wide student test score gains (value-added measures) comprise the other 50%.

A committee made up of the school's staff develops the teaching performance standards based on the Milken Family Foundation's *Teacher Performance-Based Accountability Guidebook*. The individual school staff then approves the teaching performance standards. These standards guide the evaluation of teachers using data from classroom observations and teacher portfolios. Evaluation teams made up of the principal, master teachers and mentor teachers evaluate individual teachers at least 10 times over the course of a year.

Teachers evaluated on their skills, knowledge and responsibilities are given ratings from one to five across four teaching domains: (1) designing and planning instruction, (2) implementing instruction, (3) learning environment and (4) responsibilities.

Base Pay

Ideally, a TAP school uses their current teacher personnel budget to produce a TAP Salary Model that includes augmented salaries for mentor and master teachers and performance awards for all teachers. Four of the schools in Arizona use a district salary schedule with funds for augmented salaries and Proposition 301 monies for the performance awards. Teachers in these four schools either can accept their current salary on the district schedule or accept the Milken salary schedule that begins at \$30,000. The fifth Arizona school is a charter school that has been able to revamp its teacher salary schedule entirely.

Teachers in the Arizona TAP program have an opportunity to increase their base salary by becoming a mentor or master teacher. Mentor teachers earn an additional \$5,000 on average while master teachers average an additional \$10,000 in salary earnings. Teachers must continue to perform successfully in these roles or they will lose their status and their additional pay.

Incentive Pay

Performance awards earned yearly provide a second opportunity for teachers to improve their compensation. A minimum of 5% of a TAP school's personnel budget is allocated for a performance award fund. This fund is made up of three pools: a career teacher pool, a mentor teacher pool and a master teacher pool. Schools decide how to divide the awards based on one of two mathematical methods offered by TAP. Performance awards are then distributed based on both individual and school performance.

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- Rob Weil, president, Douglas County Federation of Teachers

For further information on the programs discussed in this Issue Paper contact the following Web sites:

Denver Pay-for-Performance Design Team
<http://denverpfp.dpsk12.org/>

Cincinnati Federation of Teachers
www.cft-aft.org

Douglas County Federation of Teachers
<http://www.dcfte.net/performance/index.htm>

Iowa Department of Education, Teacher Compensation
www.state.ia.us/educate/index.html

The Teacher Advancement Program at the Milken Family Foundation
<http://www.mff.org/tap/>

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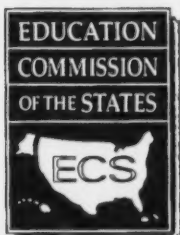
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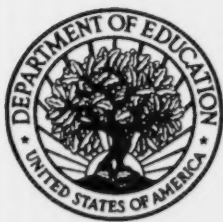
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